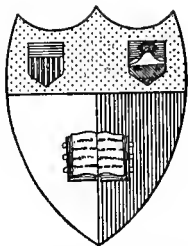


THE FUTURE OF THE WORKING CLASSES

Economic Facts
for Employers and
Wage Earners

BY

ROBERT W. BABSON



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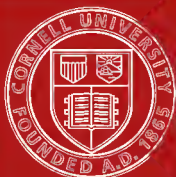
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**THE FUTURE
OF THE
WORKING CLASSES**

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by

Roger W. Babson

The Future of the Working Classes

**Economic Facts
for Employers and
Wage Earners**

BY

ROGER W. BABSON

**President of the Babson Statistical Organization
Wellesley Hills Station, Boston, U.S.A.**

*Based on certain lectures delivered by the author
at London and Paris in March and April, 1913*

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1914

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*Dedicated
To Him Who
Shall First Introduce
Economic Education
To England and
America*



*This
American Reprint
Is Dedicated to
Hon. Carroll S. Page
Senator From Vermont*

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Preface

This little book contains a simple statement of a most important economic law, well understood and continually used by the great financiers; but which for self-evident reasons, has not been taught to the people.

The first section of the book treats of the strife between the working classes and vested wealth, and is the result of the writer's observations as a bank officer and employee of large financial interests, combined with a real love for the world's wage earners.

The second section treats of the strife between England, France and Germany, and is the result of the writer's observations during four winters spent in England and on the Continent combined with an intense regard for the English people.

The closing section refers to the possible solution and the evidence which has led the writer to his conclusion that the working classes have only one chance to become prosperous,—and what that chance is. This latter portion, especially, will appeal to merchants, investors and bankers, as well as those interested in education and other social betterment work.

R. W. B.

London, April, 1913

The First Section

Can the Working Classes Ever Become Prosperous?

However successful organized labor has been in many ways, it has never yet succeeded in directing the education of its children. Capital still prepares the school books and practically controls the school systems of the world. Whether the children of wage earners are purposely not given studies which will increase their earning capacity, cannot be definitely stated; but cer-

tainly it sometimes looks rather suspicious. "So long as the present educational system continues in England I have little to fear in wage increases," once said a manufacturer who is a member of a school board. He knew that art, astronomy and most of the other subjects which, with labor's consent, are now taught the young people of his city, will not increase their earnings.

Mistaken Ideas

Working people think that they are getting the better of Capital by striking for higher wages, shorter hours, factory inspection, sickness benefits, conservation, etc., but they are

largely being fooled. Of course, these things raise the standard of living for all of us; but unless the extra time or money is used for self development, these things do not give any greater *proportion* of the world's wealth. The working classes pay dearly in higher rents, prices and interest rates for all they get. Most of their "victories" so increase their cost of living that the wage earners have nothing more left at the end of the year now than a decade ago.

The workers, of course, today get more to spend—perhaps double in clothes and luxuries—than formerly; but the employers also have now a greater

proportion to spend. The working man of today may have better rooms, and be able to take a tram to work instead of being forced to walk; but the standard of living has equally increased for all of us. People of means now have two rooms for every one they formerly had; and ride to business in £1,000 motors,* luxuries undreamed of a few years ago.

The reason why the working classes have not become more prosperous under the present educational system, is due to a great economic principle, viz.:

* Equal to \$5,000. Readers should remember that this book is simply a reprint of the English publication containing Mr. Babson's addresses in London.

How Capital Beats the Wage Earners

Owing to Sir Isaac Newton's law of Action and Reaction,* the workers and their employers are like two tanks of water (the water resembling money), and these tanks are connected at the bottom by a pipe which corresponds to the channels of trade. The employers' tank is big and holds lots of water; but the workers' tank is small and holds little water, although the water in both tanks stands at the same level. (Each man stands on the same level as to voting under a democratic system of government.)

* This is the principle upon which the Babson Composite Business Plots are based.

It makes no difference, however, into which tank a person pours water, *the relative proportion of water in each tank is always the same.* Every mechanic knows that a pipe connecting the two tanks at their bases equalizes the water in this way. If the little tank, representing by its water the workers' share of the world's wealth, has one-fiftieth the area of the big tank which represents the employers' share, the little tank has no chance to have more than one-fiftieth of the water. *It makes no difference how much is poured into the workers' tank nor taken out of the employers' tank, the proportion remains constant.*

Wage Increases Don't Hurt Capital

If the workers "win" a strike for wage increases, shorter hours, accident compensation, etc., this today is only like pouring water into the little tank from the big tank. For only a moment have the workers increased the proportion in their tank. The money soon flows back to their employers through higher rents, advanced prices and greater interest rates, just as the water constantly adjusts itself in the tanks, by means of the connecting pipe, which resembles trade. The greater and freer the trade channels, the more

quickly this adjustment takes place. The *proportion* of money which the workers retain, however, is not increased by any of these means, but continues to bear the same relation to the employers' proportion. As the employers' group also controls the fashions, these even unconsciously serve for getting back again the last penny from the workers.

The Working Classes Ultimately Pay All Taxes

The same economic law applies to taxes. Taxing the capitalist on real estate, personal property or income, is only like taking water out of

the big tank and pouring it into the little tank, when the tanks are joined. All money taken away from capital in the form of taxes—*except that used for certain educational work*—soon flows back again to capital through these increased rents, higher prices, greater interest rates and ever changing fashions. The more the capital is taxed, the more it charges for its services in the form of greater profits. So much more the working classes are tempted to spend in order to keep up a “decent” appearance;—while appearance is only a question of comparison. This is a basic law of economics which thus far has protected vested wealth

and has kept the workers of the world from getting ahead. Thus it is as hard to save anything today as when wages were much lower. This is the law which must be clearly kept in mind when considering the future of the working classes.

How the Worker Can Get Ahead

But what can the working classes do to obtain a greater proportion of the world's wealth and retain it? A reply to this question brings us to the lesson which this Law of Action and Reaction teaches, viz.:

The working classes can obtain a greater proportion of the world's

wealth by increasing their real efficiency at a greater rate. (Of course, if the workers ever get the clue, they can make much more rapid progress than the enemies of labor can hope to make, owing to greatly increased numbers of the working classes; but the present educational system offers no such opportunity.) To refer again to the tank illustration, the workers can get a greater proportion of the water in their tank only by increasing the area of the tank—that is its length and breadth. Only by increasing the capacity of their tank can wage earners retain a greater proportion of the profits.

On the other hand, so fast as such an increase in capacity (or efficiency) takes place, *the water must flow into the workers' tank automatically and no wealth nor power can prevent it.* In this way the working classes will some day obtain what they are seeking. Thus the same economic law that has protected the employers and capitalists throughout the past centuries, would then take money away from them and give it to the workers. *This is the only thing which the selfish portion of vested wealth fears. Legislation which truly increases the efficiency of the workers is sure to make the masses richer, stronger and more invincible.* Upon this the future

of the working classes depends.

Such legislation would be that tending to re-organize the national educational system as suggested in the last section of this book. To refer once more to the tanks of water, the length and breadth of the bottoms of the tanks represent character and judgment respectively, which are the two dimensions of efficiency. Education which proportionally increases these two dimensions, increases the area or capacity of the workers' tank, and consequently the water therein.

Of course, there is a third dimension of the tank, namely the height thereof. This may

be compared to health. Health is *very* important to a certain point, but the height of the tank does not affect the amount of water therein, unless the height is below the water line in the other tank. With normal health, the working classes are able to get and retain a greater proportion of the world's wealth *only as they increase in character and judgment.* Moreover, to do this, an entirely different educational system is necessary, which consequently is the only thing that their enemies are determined they shall not have. Thus on such an educational system the future of the working classes depends.

Watch Changes in Education

These enemies of labor can well afford to give the people all they want of the present kind of education. Modern free schools now increase the wants of the working classes, and stimulate spending. They do not aid in obtaining for them a greater proportion of the world's wealth. Thus, so long as the present school system continues present labor troubles will continue. So long as wage earners are anxious to have their children taught the fashionable sciences, instead of such fundamentals of character and intelligence as

X | develop producing capacity,
they will never be prosperous
and strikes are inevitable. On
the other hand, when these
children are *trained* to concen-
trate and think; to organize
and reason; to work and rule;
to combine for borrowing and
lending, they will then have a
chance to really win.

The employers may safely
grant wage increases, pay in-
come taxes and agree to
everything else that the masses
want, so long as the workers
permit the present uneconom-
ic system of day school and
Sunday school education to
exist. Moreover, until teachers
are paid much higher salaries
and the Government contrib-

utes to the family support of such children as are trained along economic lines,* the great mass of people will have no real chance. Therefore it will be seen that—owing to Newton's Law of Action and Reaction—the future of the working classes depends upon how they are educated. Thus all social movements working in the interest of temperance, eugenics, housing reform, or any other good thing should look to the schools rather than to Parliament. All progress—whether social, political or religious—must come slowly

* The Government should help only such as are taught to work. Too much is already being done for the other class. Boys should be trained to serve the Government and not to think the Government is to serve, feed and care for them.

through educational channels. Thus a very large proportion of the money now being spent by these good organizations in other directions is being wasted. In short, the future of the working classes depends upon their schools.

But some day we will have greater efficiency with less drudgery; better living with less waste; more comforts with fewer fashions, for then will labor be busy increasing the capacity of the workers' tank instead of simply pumping water in and out as at present.

The Second Section

Upon What England's Power Depends

Germany can afford to allow England and France to increase their armies and armaments, so long as the workers of these latter two nations are not trained to become more prosperous. Armies and battleships are of use only as they are true indices and exponents of the real efficiency of a nation's wage earners. It is the relative condition of the working people of these na-

tions which will decide the present conflict.

Comparative statistics for England, France and Germany show that the latter's increase in naval power during the past ten or more years has been the least of the three nations *per unit of industrial efficiency*. The truth is that Germany has trained her young people along efficient lines better than has any other nation. Owing primarily to her educational system of the past thirty years, Germany has increased in wealth and power more rapidly than has England, France or Russia. Moreover this relative supremacy can be changed only by the German educa-

tional system becoming less efficient, or by the educational system of these other nations becoming more efficient. *History proves conclusively that the efficiency of the working classes has predetermined the results of all important wars.*

Why Germany Now Leads

Nations imagine that they strengthen their power by borrowing money to enlarge their armies, to build new battleships, and to extend fortifications, but this is a delusion. Of course, armies and battleships are necessary *as tools*, but fine tools are of use only as the workers are worthy of them.

A man cannot become strong by simply buying dumb-bells, neither can a nation become powerful simply by building warships. Natural strength originates from a people thirsting for that character and intelligence which produces efficiency. Education represents the "cause," and naval victories represent only the "effect."

The above statements are true owing to the unchangeable Law of Action and Reaction referred to in the first section of this book. The nations of the world are like different reservoirs of water (the water resembling power), which are connected together at their bases by pipes. These pipes

correspond to the channels of trade, which include steamships, mail bags, foreign exchange, etc. Statistics show that Germany's reservoir is now larger per unit than those representing England and France. If so, it makes no difference into which reservoir water is artificially pumped, or from which it is removed. Germany's proportion will always be the greatest, *so long as her reservoir has the greatest capacity; but only so long.*

Because France temporarily has more gold and England temporarily has greater colonies than Germany, means nothing. One must first consider the relative efficiency and

indebtedness of the working people of these three great nations. For France to attempt to increase her gold supply except through the development of a *willingness-to-sacrifice on the part of her people* is like pumping water from the other reservoirs into the one representing France. Just as soon as the pumps stop, the water flows out again to where it belongs. Newton's Law of Action and Reaction is absolute. Tariffs, taxes and treaties are of real avail only as they increase the relative size of a nation's reservoir. In fact, history shows that gold collected by hoarding has never availed much in long wars. Rome, Venice and

Florence all fell, when their gold supply was of the greatest. The decline of Spain began when the people left her soil to work the gold mines in Mexico. Prosperity which comes through increasing the capacity of the reservoir, sticks; but all other forms are delusions.

When England attempts to hold a proportion of the earth's surface greater than her proportion of the world's labor efficiency, it is like attempting to keep more water in one of the reservoirs than its area justifies. Such a condition remains only for a short time. Owing to the unchanging law of equilibrium, the water adjusts itself in proportion to

the areas of the different reservoirs, and in the same way will the surface of the earth be divided among the nations. Present boundaries will continue only as long as the present relative efficiency of the nations continues. If English wage earners hereafter develop as prosperously as those of other nations, England will continue to hold her colonies. Otherwise these colonies will go to Germany or some other nation which can best use them; and this in reality depends upon the future of the working classes.

The Solution

But how can England and France develop greater power

than Germany? To refer again to the reservoirs, it will be seen that the proportion of water in any reservoir can be increased only by enlarging the capacity of that reservoir; and that the capacity can be increased only by enlarging the area of the base. Thus this same Law of Action and Reaction which has enabled Germany to acquire so much power, to the detriment of England and France, must cause this power to flow back to both of these two latter nations as their working classes become more prosperous.

Therefore, instead of discussing armies, navies and aviation, England and France should discuss legislation which will increase the efficiency and

earning capacity of the working classes: (1) by developing each wage earner along lines for which he is most fitted through a system of selective and economic education; (2) by securing for each worker wages which will be sufficient incentive for him further to develop along this line. This means that the power of democratic nations, being based on the prosperity of the working classes, depends upon the educational system—including the teaching in the homes, the churches and the public schools. Individuals, classes and nations become powerful only through education. Thus it will be seen that the future of England is most intimately

wrapped up with the future of the working classes.

Moreover, as was explained in the first part of this little book, *education*, like the area of the reservoir's base, *must have two dimensions*. To be efficient, education must develop character as well as intellect. One is the length and the other the breadth, and the greatest area comes only by increasing both equally.

Schools *vs.* Battleships

If the opinion of a mere traveller is of any use, let it be said that the trouble with France is that the French educational system does not properly treat the working classes. Moreover, it trains youths to

love wealth, comfort and pleasure, rather than things more worth while. The fact that the women of France are unwilling to sacrifice to raise greater families, and the men are so inefficient in the more difficult lines of shipping and industry, is due to the French educational system. Conversely, the German educational system has taught the girls to become mothers and the boys to become workers. A keynote of the German educational system has been to teach those who "have" to give up and sacrifice; and those who "have not" to acquire.

A study of the English educational system shows that the faults have not been exactly those of the French system, but

rather faults of omission and failure to develop an efficient body of workers. The board schools of England increase the consuming powers of the people without correspondingly increasing their producing powers. The German educational system on the other hand has trained the people of that nation to increase their meagre *net* resources and earning capacity. Moreover, the purpose of the English and French educational systems has been primarily to train the well-to-do to get more out of life; while the purpose of the German system has been to train all to put more into life.

The idea that Germany has any intentions of invading

England or France, I believe to be entirely erroneous. The gist of the whole matter is that the Emperor of Germany has been busy developing an efficient people, while the Governments of England and France have been engaged in other matters. The Emperor to-day is worrying only about the German educational system, while France and England are consuming their vitality worrying about war. And this leads to the final thought, *viz.*, that Germany's power today is not due to her *present* system of education nor to the new generation now becoming of age. The present power of the German nation is due to the training which the

previous generation received, a training which developed both character and intellect, and which, by the way, was directly due to the influence of Christianity.

The race is free and open to all nations, classes and individuals. Whether or not the working classes win their proportion, depends solely upon themselves. This means whether or not they train their children to develop that character and intelligence which will make them truly prosperous. Neither labor unions nor battleships can suspend the working of God's eternal laws of rewards and punishments. On the other hand, I don't believe that the working classes

nor any other of England's men want these laws suspended. The English have won their victories—under these same unchangeable rules—during the past thousand years, and one who loves them dearly believes that their future will be brighter than the past. Under any conditions, however, the future of England and her wage earners are one and inseparable.

Both the working classes and the Government must win together. Both will win together when the people are allowed to have an educational system which will make them righteous, happy and efficient. Moreover, these words are synonymous in the author's mind.

The Closing Section

The Next Step and the Evidence

When talking about this great question with members of the British Parliament, the answer has been: "Mr. Babson, we agree with all you say about the dependence of a nation on its working classes; also the dependence of these workers on efficient education. In fact we believe that a majority of the House of Commons—irrespective of party—

are a unit in agreeing to the fundamental principle which you preach, viz.: *National growth during the next century (as shown by the R-P lines of Babson Plots) will absolutely depend upon how the working classes of the respective nations are educated and trained.* What we wish to know is, how can the educational system be changed to accomplish this result?"

It therefore is the writer's purpose now to answer this most important question. In fact, this is the real purpose of our little book; namely, to impress upon the reader what the next step must be in national education to brighten the future of all classes. Moreover,

when reading these last few pages, it will also be seen why the working classes may be obliged to take the leadership in this radical change.

The present system of giving the children approximately ten years of schooling followed by a life of work, must be changed to a system of *Economic Education*. Today the boys and girls of our lands are first given ten or more years of all school and no work. This abruptly is brought to an end, and in a day another period is substituted therefor, of many more years of all work and no school. This is unreasonable and unscientific, if not brutal, and is the fundamental cause of the pres-

ent educational system being a failure. No introduction of manual training, industrial education, character building or even religious teaching will accomplish much until Economic Education is made compulsory upon both the youths and the employers.

What is Economic Education ?

The present system of education is like feeding a man on all vegetables for ten years and then on all meat for another ten years. An economic system would provide for feeding a diet of vegetable and meat *properly mixed*; or a readjusted

system of compulsory continuation schools.

With the average youth, Economic Education would work somewhat as follows:

The First Period of the Economic System

The child would start school in the kindergarten as at present, and gradually progress through the various grades (with greater attention, of course, being given to developing concentration and moral courage) until the age of about nine is reached. At this age, the child should be guided and taught to work for an hour each day at producing something, under school control, for wages.

During this period the child also should be taught certain social virtues such as consideration for others, personal cleanliness, and reverence. This is a very easy age to shape, if the teacher will base her work upon (1) a desire in the child to be like adults and (2) a love in the child for animals, flowers, and other natural life. *We should, however, be very careful not to crowd the curriculum at this age. A very few subjects carefully taught are much more effective than many taught as at present.* Moreover, the study period should be

short, interspersed by periods of active recreation.

This is especially the period to teach children concentration and *how to study*. In fact, there should be special courses during these earlier years which show "How to Study." Character building should be a feature from the first; but an entire half year should be given to forming one habit, such as honesty, unselfishness, respect and the rest. These virtues are very largely the result of habit.

During the semester when honesty is being "taught," the pages of every book used, should have something bearing on this point. The mottoes on the walls, the reading and the writing exercises should, during said semester, be prepared with the purpose of forming the habit of honesty. One reason why present attempts at character building in day and Sunday schools have been so fruitless, is because the children are given only a mixed and miscellaneous collection of instruction. No progress can be made by talking honesty one day, unselfishness the next day, and something else the third day. Children and grown-ups know well enough what is right and what is wrong. It is the formation of honest, clean and other right *habits* which we need to cultivate. Roughly speaking, each six months' course during this period, should be designed to form some one fundamental of character and should include not more than

four subjects. Three of these subjects should be : *How to Concentrate and Study. How to Read and Write. How to Calculate.*

But it is not the purpose of this book to outline a curriculum. There are many far better qualified to do this than is the writer, although it is doubtful if any are properly prepared to do so at this time. Before any radical change is made in the curriculum—certainly before more subjects are added—the economic system should be made compulsory. This is the next step. Before this step is taken, it is idle to talk of further details.

The promotion of a child from the first period to the second should depend not upon knowledge, but upon the child's habits. If he has formed habits of honesty, reverence, consideration for others, such habits as pedagogists prescribe for this formation period, he should be allowed to pass on; but not otherwise. This is the first requirement of an economic system.

The Second Period

The second period of economic education should start when the child is about nine, and should continue through the years of adolescence.

During this second period of economic education, the child should be treated in an entirely different manner from that used during the first period. From nine to fifteen

is the sensitive age when boys and girls cannot stand being laughed at. The most important features to develop, therefore, are moral courage, self control, and allied traits. Definite rules of behaviour can be taught during this period, and the boys and girls can be told of the elementary principles of economics,—or the science of common sense. This is the period when young people begin to reason to themselves, and when idleness is such a danger.

Hence for the children between nine and fifteen years of age, the educational authorities should provide both work and play as well as study. The idea of the schools being open only five or six hours during the day with only a half hour of play, is ridiculous. The school should be open the same hours as are business houses. Economic Education demands that children of this period should each day have two hours of unrestricted play and two hours of real work under trained instructors, in addition to about four hours of study. Moreover, this work should be real work, for which the parents can be paid. Thus the same efficiency should be required of the boys as if they were in an office or factory. *Graduation from this second period should depend upon how this work is performed. This is the second requirement of an economic system.*

The Third Period

The third period should begin when the age of about fourteen years is reached. Here again totally different methods must be used during this third period to develop the boys and girls. Attention and interest can now be awakened best through debate and discussion. Moreover, simultaneously with each course of study, the scholars should be shown the purpose and value thereof. The great work of this third period of economic education *is to develop in the scholars a desire and hunger for such character and intelligence as will make them most prosperous.* If the educational system succeeds at this, the great purpose of the schools will have been accomplished; but otherwise it will have been of little avail.

With ninety per cent of the scholars, however, this desire for knowledge comes only after the youth commences work; while, alas, the school days are then over and the opportunity to learn has passed! Hence an economic system

must provide for combining work and study; an absolute necessity for real efficient education. Briefly, therefore, the schedule for this third period should be somewhat as follows:

YEAR	HOURS			
Age	Studying in School	Working for Wages	Playing at Games	Sleeping & Eating
14	5	4	3	12
15	5	4	3	12
16	5	4	3	12
17	5	4	4	11
18	4	5	4	11
19	3	6	4	11
20	2	7	*4	11
21	1	7	*6	10
22	0	8	*6	10

* Play or Study or Home Duties.

The above schedule provides for a minimum of study and a maximum of work, designed to train the children of the working classes to think more. The following schedule provides for a minimum of work and a maximum of study, designed to train the children of the wealthy classes to work more. All children—whatever their condition—should come within these two limits.

YEAR

HOURS

Age	Compulsory Study at School	Compulsory Work for Wages	Compulsory School or Work	Free for Play, Study or Work	Sleeping and Eating
14	5	4	0	3	12
15	5	4	0	3	12
16	5	4	0	3	12
17	5	3	1	4	11
18	4	3	2	4	11
19	3	3	2	5	11
20	2	2	4	5	11
21	1	2	5	6	10
22	0	2	6	6	10

Vocational Guidance

The same principle should at once be applied to all, including those who pass entrance examinations for college. All the colleges of the land will some day adopt a similar schedule. But whether boys or girls go to college or not, an economic system demands that they should be under the direct con-

trol of the school at least until through their twenty-first year, and longer if the necessary habits and intelligence have not then been acquired. In fact, the school must aid and guide them to their first jobs. Certainly if wealthy boys are permitted to attend college and receive eight hours a day of instruction and guidance until twenty-one years of age or older, surely the children of the working classes are entitled to an average of two-and-a-half hours of such help during these same years. This is the third requirement of an economic system.

The fundamentals of Political and Social Economy must also be taught in the element-

ary schools. The boys (and girls also) must be prepared to vote intelligently and conscientiously. The theory of wages, rent, and interest must be taught during these years. Each day the man in the office or factory, and the young girl in the home or store, will think of new problems which the teachers can answer during the hour or more of school attendance.

Most important of all, young students should be taught that the law of Action and Reaction applies to human relations as well as to mechanics and economics. Only as people learn that Jesus' teachings are based upon this scientific law, will they command respect and be observed.

All classes must understand that a nation is most prosperous only when its *production is greatest and the enjoyment of these producing powers is most evenly distributed*. This again is due to Newton's Law, which demands that the producing and consuming powers of a nation should be properly balanced with waste eliminated. Not only must more foodstuffs be raised, more goods manufactured, and more structures erected, but labor must be properly directed, and the food, clothing, and buildings properly used in order to prevent over-production.

With such intelligent distribution of employment and consumption, all

possibility of over-production will cease. Therefore, the crowning work of an economic educational system will be vocational guidance. One of the greatest handicaps to all classes today is that ninety per cent of the people have entered their present employment blindly and by chance, irrespective of their fitness or opportunities. Of course, the law of supply and demand is continually correcting these errors; but this readjusting causes most of the world's disappointments and losses. Some day the schools of the nation will be organized into a great reporting bureau on employment opportunities and trade conditions, directing the youths of the nation—as far as their qualifications warrant—into the lines of work which

then offer the greatest opportunity. Only by such a system will each worker receive the greatest income possible for himself, and also the greatest benefits possible from the labors of all, thus continually increasing production and yet avoiding over-production in any single line.

The Employers' Part

In short, Economic Education provides for commencing work earlier and continuing school later in life than at present, with the greatest attention given to developing a graduated change from school to work extending over about seven years. The underlying principle of this is that the

average boy is interested to learn only when at work, and can increase the net result of his work only by simultaneous study.

Of course the introduction of Economic Education will make necessary a readjustment of the industrial system as well as the educational system. The shop and the factory, now having fifty employees under twenty-two years of age working eight or more hours a day, will be obliged to engage one hundred to work an average of only five hours. This at first will not cause any loss to employers nor employees in the aggregate; but will simply mean employing more young people

for fewer hours. Moreover, these young people will be doing this work under school control until the necessary training has been obtained.*

As such a system of economic education will increase the earning capacity of the working classes, this increase of course must, in part, come ultimately from vested wealth in accordance with the tank illustration. The strength of the nation will, however, be so greatly increased by such a system of education that the wealthy should be more than willing to pay the price.

* The writer also believes that diplomas should not be granted until permanent employment is obtained, and that each diploma should state what work the school advised the graduate to enter.

Whether or not wealth will be so willing, time can only tell. Personally, the writer believes that the working classes may be compelled to fight for any system of education which will increase their proportion of the world's wealth! The majority of the vested interests may be too narrow to aid the wage earners—as a class—to become more prosperous and hence more powerful. Economics—or the art of accumulating money—some of these men do not want taught to any children but their own.

This means that great wealth and influence may be used to block this “First Step” by focusing the attention of people

on other less important phases of education. But beware! The working classes will some day wake up to this real and only way to get and retain greater wages. They will then arise and seize the nation's educational system for themselves. When this comes to pass, the schools of the land will not only teach the children of the masses how to accumulate, but also will teach the children of wealth how to distribute. But of this, the writer cannot now treat.

Evidence for the Above Statements

One thing is certain,—namely, that whenever the working

classes take up the educational problem, they will have statistics and plots to demonstrate that history recommends their cause. If the writer may be permitted to refer to his own personal business, he can quickly suggest of what this proof consists:

For many years he has been connected with the largest private statistical organization of its class in the United States. Among various other works, this organization each week prepares and publishes Composite Plots* for the use of such bankers, merchants and investors who subscribe to certain

*Samples of this work will be sent gratis to any reader who addresses Babson's, Wellesley Hills Station, Boston, Mass., U.S.A., and states whether interested as a student, merchant or investor.

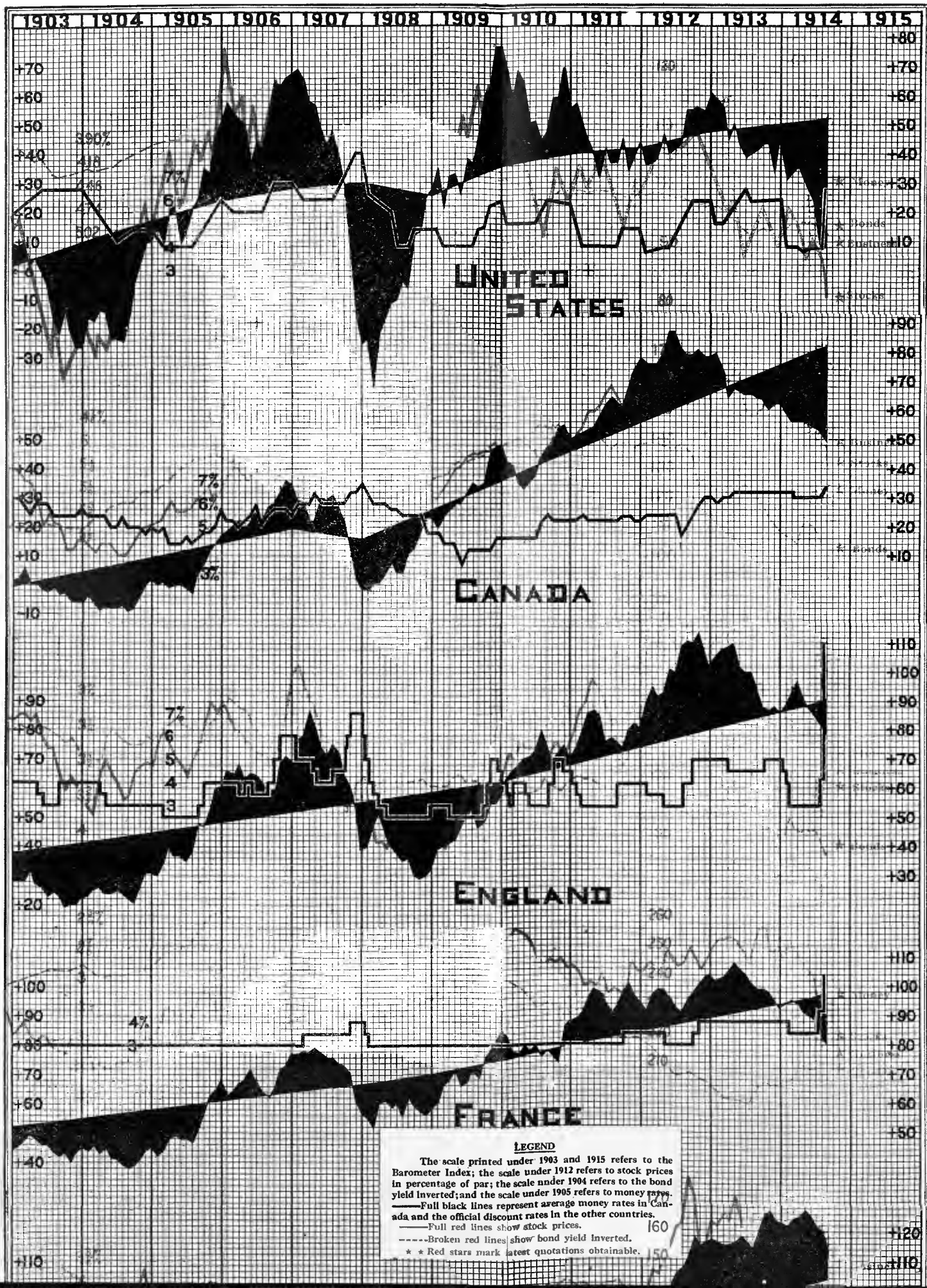
services. These plots measure and constantly show the true state of commerce and industry in the different nations of the world. Moreover, they are supplemented by colored maps showing the condition of crops, credits and trade opportunities in special sections and cities of the leading countries. This work is most complete for the United States, but a special foreign service is also prepared which treats of world conditions.

Miniature copies of certain Babson Plots for England, France, Germany and Canada are shown on the accompanying insert. Of course, these plots treat only of the com-

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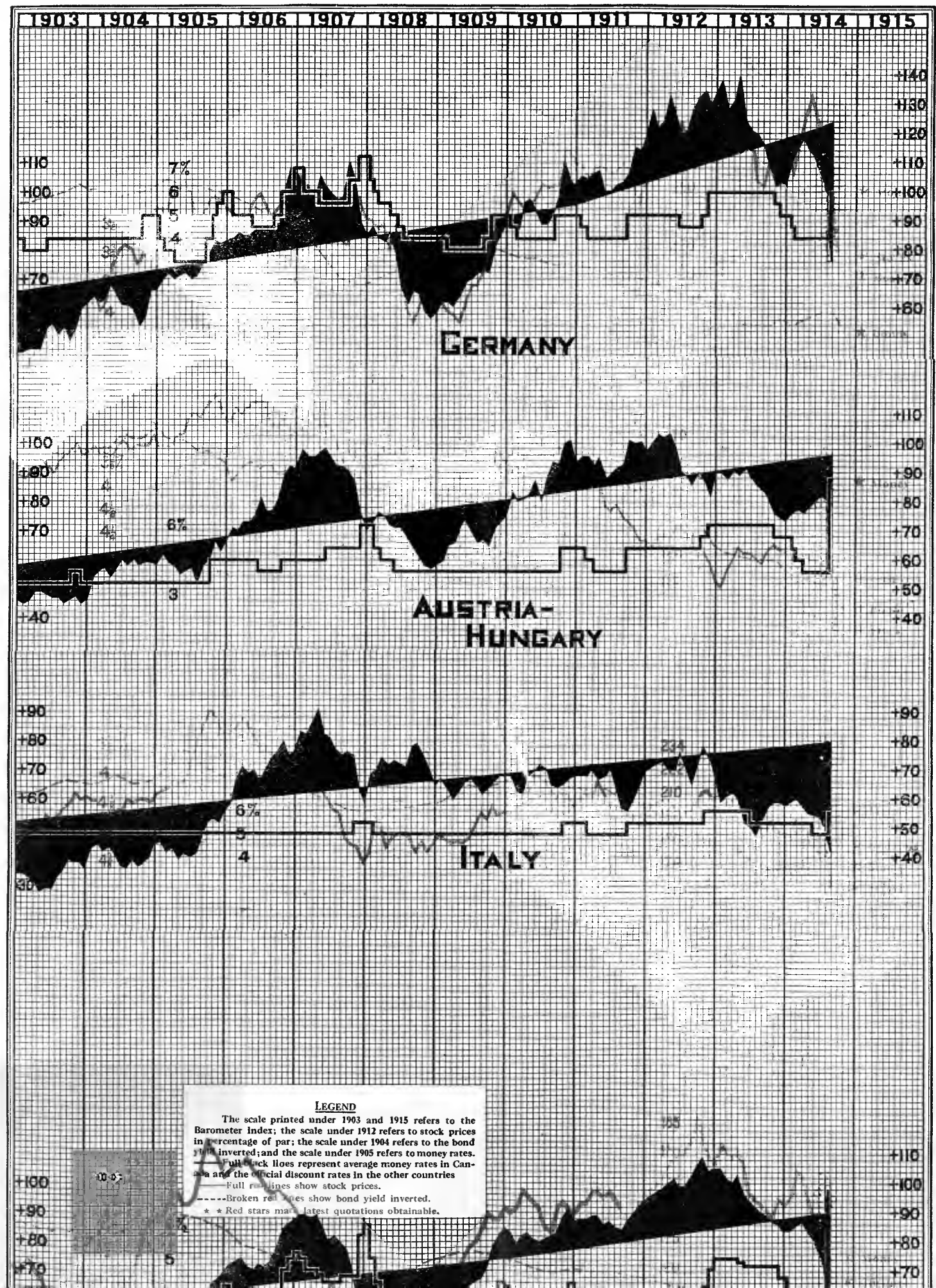
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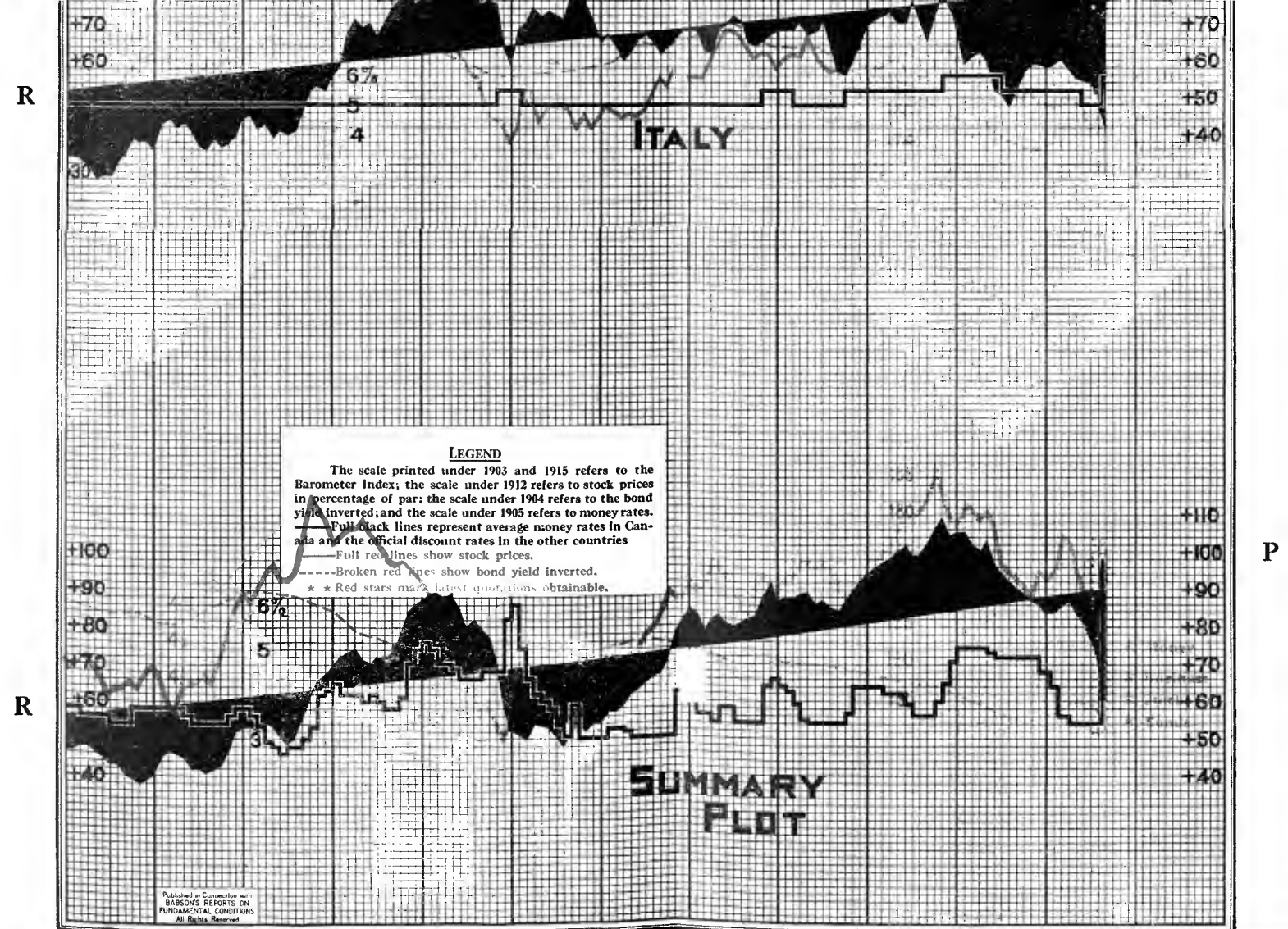
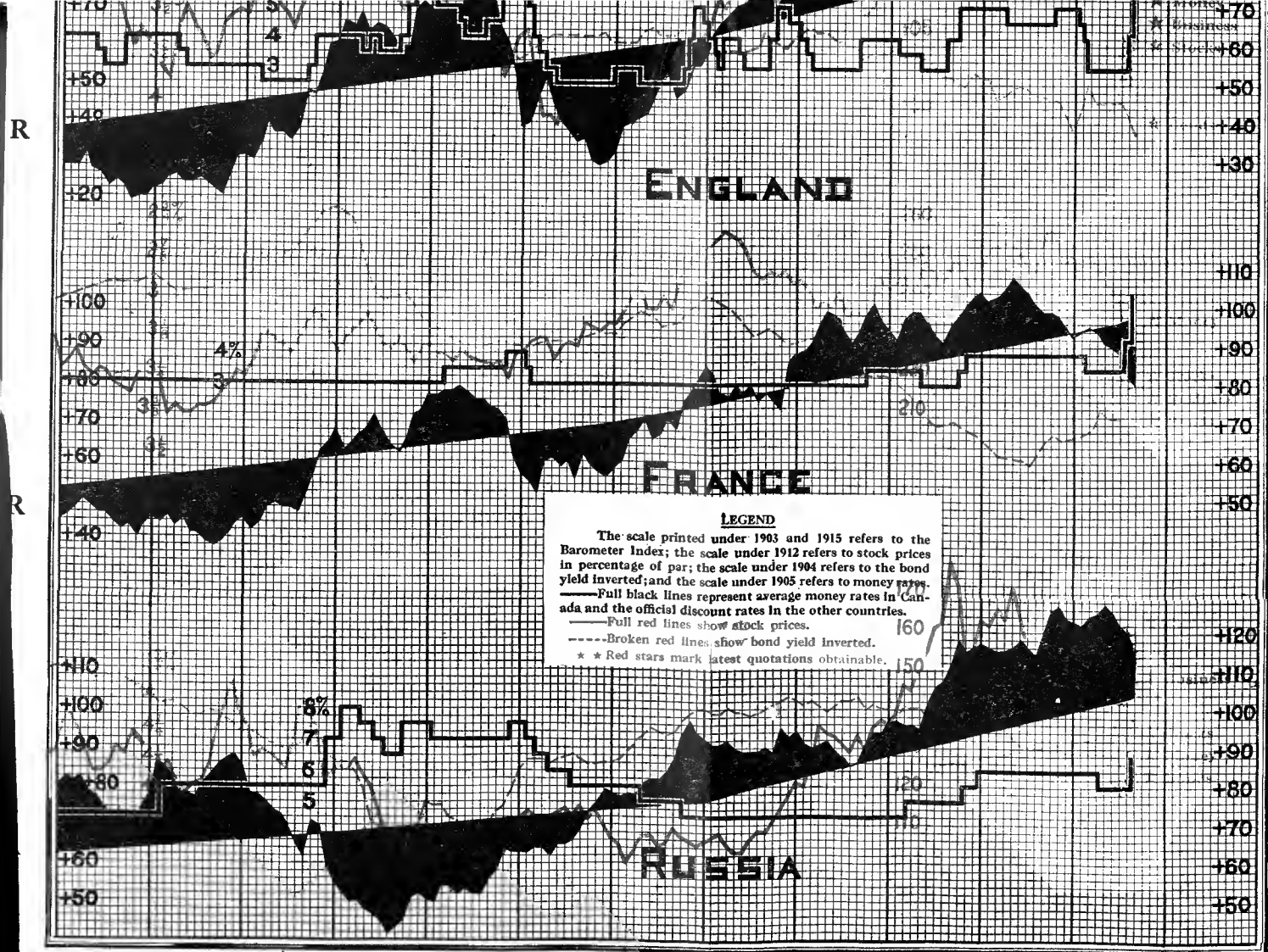


Babson's Foreign Composite Plots

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mercial and industrial growth of the respective nations during the past ten years. The outlines of the black areas represent the temporary condition of business at various periods, the areas *below* the R-P lines showing *depression*, and the areas *above* showing *prosperity*.

From a sociological or political point of view, however, the most interesting lines are the oblique R-P lines dividing the areas into alternating periods according to Sir Isaac Newton's Law of Action and Reaction. These R-P lines show the real growth of the respective nations, industrially and commercially, during the past ten years. A knowledge

of the variation in the development of the black areas from week to week is of great value to business men and investors who are seeking to make money; but *these R-P lines are of extraordinary importance to those interested in the real growth of nations and classes.* It is by these R-P lines that one can prove that the only chance of the masses really to become more efficient and prosperous is through a reorganized school system.

There is a direct relation between the slope of a nation's R-P line and how wage earners of that nation are being educated. Moreover, these plots prove the former statement

that the average welfare of the working classes and the welfare of nations are inseparable and interdependent. Why? Because as the wage earners of a nation are better trained, they become more prosperous, and the R-P lines of their nation invariably slope up at a more rapid rate. The above references to the tanks and reservoirs illustrate this point, and these Composite Plots conclusively prove it.

Moreover, this is even more striking when it is realized that such plots have thus far been prepared to measure and register only the total business activities of nations. When an international government in-

stitute is sometime formed for developing such plots, based upon all subjects relating to production and consumption, the demonstration will be even more evident. Then the world will plainly see that national prosperity is dependent upon the future of the working classes; and that the future of the working classes is dependent upon education.

* * *

We object to strikes—their inconvenience and economic waste—and yet no part of the nation's educational system is devoted to alleviating strikes. We all know that the international race for increased armaments is most foolish,

and that the money expended thereon could do infinitely more good if used in other ways, but we do nothing to teach this to our children.

Strikes and wars can be alleviated only by training the youths of our nations in the fundamentals of character and economic intelligence. Those who have not of this world's goods must be taught how to acquire and retain them, while those who have property must be taught how to use and dispense it. Both have an equal responsibility and a mission; but the responsibility differs in many ways. Labor is surely destined to have a greater proportion of the profits. The

question is: *Shall labor attempt this through striking and rioting or through increasing its efficiency?*

Of course it seems strange to some that those who now control both the world's property and its educational system would voluntarily remodel this system so as to train the masses to get a greater proportion of the property. But if those now in control of education do not do this, they will lose their control, and the educational leadership of the world will be seized by others. In fact, many think that the future of the working classes depends—in the last analysis—upon whether or not this latter ever takes place!

One thing is certain, namely, that strikes will be eliminated

only when the school systems of the world train labor to obtain and retain more of the profits without resorting to strikes. Therefore those of us who are interested in the future of the working classes should cease looking to arbitration and the courts; but rather to education and the schools.

International Prosperity Institute

Roger W. Babson earnestly urges his English and American friends to work for the formation of an International Census Institute for measuring the growth of nations. This Institute would standardize certain statistical work throughout the world and intelligently compare the real efficiency of the educational systems of the different nations. Each year it could publish Composite Plots, and special bulletins could be issued to

- (1) Prevent international industrial depressions, such as occurred around 1857, 1873, and 1893; and suggest practical forms of automatic welfare legislation.
- (2) Ascertain what manner of education can best serve to truly benefit the people, and work for the introduction of such a system. (This will be demonstrated by the relative slope of the R-P lines of the various National Plots.)
- (3) Prepare on a basis for comparative use, additional data on the real progress of nations. This will hasten the day of disarmament by making it possible for an International Court to settle correctly disputes between nations, rewarding nations according to their real contribution to the world's progress.

Such an official institute—under impartial and international direction—would be of tremendous help to legitimate industry. Moreover, it would greatly aid efficient educational progress (by enabling each nation to avoid the mistakes and profit by the methods of others) and finally provide a practical step towards effectual international peace.

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